

Message Text

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ACTION EB-07

INFO OCT-01 AF-10 ARA-06 EUR-12 EA-07 NEA-10 IO-13

ISO-00 SSO-00 INRE-00 USIE-00 L-03 FRB-03 OMB-01

ITC-01 SP-02 AGRE-00 AID-05 CIAE-00 COME-00

INR-07 LAB-04 NSAE-00 OIC-02 EPG-02 SIL-01 STR-04

TRSE-00 CEA-01 SS-15 NSC-05 NSCE-00 /122 W

-----111329Z 013934 /47

O R 111020Z MAY 77

FM USMISSION GENEVA

TO SECSTATE WASHDC NIACT IMMEDIATE 7232

INFO ALL EC CAPS

AMEMBASSY ABIDJAN

ANTANARIVO 112-113

AMEMBASSY ASUNCION

AMEMBASSY BANGKOK

AMEMBASSY BERN

AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY BRIDGETOWN

AMEMBASSY BUENOS AIRES

AMEMBASSY CANBERRA

AMEMBASSY CARACAS

AMEMBASSY DACCA

AMEMBASSY GEORGETOWN

AMEMBASSY GUATEMALA

AMEMBASSY HELSINKI

AMEMBASSY KHARTOUM

AMEMBASSY KINGSTON

AMEMBASSY KINSHASA

AMEMBASSY LA PAZ

AMEMBASSY LILONGWE

AMEMBASSY LIMA

AMEMBASSY LISBON

AMEMBASSY MADRID

AMEMBASSY MANAGUA

AMEMBASSY MANILA

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AMEMBASSY MAPUTO

AMEMBASSY MBABANE

AMEMBASSY MEXICO

AMEMBASSY MOGADISCIO

AMEMBASSY MONTEVIDEO

AMEMBASSY MOSCOW

AMEMBASSY NEW DELHI

AMEMBASSY OTTAWA
AMEMBASSY PANAMA
AMEMBASSY PORT LOUIS
AMEMBASSY PORT OF SPAIN
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AMEMBASSY SANTIAGO
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AMEMBASSY SUVA
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AMEMBASSY TEGUCIGALPA
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AMEMBASSY WELLINGTON
AMCONSUL BELIZE
AMCONSUL CALI
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AMCONSUL DURBAN
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C O N F I D E N T I A L SECTION 1 OF 2 GENEVA 3596

DEPT FOR ASST SEC KATZ

E.O. 11652: GDS

TAGS: UNCTAD, ETRD

SUBJ: UN SUGAR NEGOTIATIONS: REACTION TO US SPECIAL STOCK FINANCING
PROPOSAL

1. SUMMARY: US DELEGATION INTRODUCED SPECIAL STOCK
FINANCING PROPOSAL WITH CONTRIBUTIONS FROM BOTH IMPORTERS
AND EXPORTERS IN THREE MEETINGS (IMPORTERS GROUP,
INFORMAL GROUP OF MAJOR IMPORTERS AND EXPORTERS, AND ECONOMIC
COMMITTEE WORKING GROUP 8 - QUOTAS AND STOCKS) ON MAY 10.
REACTION VARIED, BUT WAS GENERALLY NEGATIVE FROM EXPORTERS.
END SUMMARY.

2. IN MORNING MEETING OF IMPORTERS GROUP, US EXPLAINED

ITS PROPOSAL FOR NEW CHAPTER ENTITLED "THE SUGAR STABILIZATION FUND." (TEXT OF PROPOSAL BEING SENT SEPTEL.) MOST OF REMAINDER OF MEETING WAS TAKEN UP BY US DEL ANSWERING QUESTIONS ON TECHNICAL POINTS. SEVERAL DEVELOPING COUNTRY IMPORTERS (EGYPT, NIGERIA, ALGERIA) LOOKED FOR SPECIAL PROVISIONS FOR THE NOT-SO-RICH IMPORTERS. CANADA AND JAPAN RAISED TECHNICAL POINTS FOR CLARIFICATION. NORDICS (NORWAY AND SWEDEN) SUPPORTED PROPOSAL WHOLEHEARTEDLY, BUT HOPED THAT IT COULD BE RELATED TO COMMON FUND, AND THAT STABILIZATION FUNDS WOULD NOT BE LOANED TO DEVELOPED SUGAR EXPORTERS.

3. AT SUBSEQUENT MEETING OF THE INFORMAL GROUP OF MAJOR IMPORTERS (US, CANADA, JAPAN) AND EXPORTERS (BRAZIL, AUSTRALIA, CUBA, ARGENTINA AND DOMINICAN REPUBLIC), US SPECIAL STOCKS AND FINANCING PACKAGE OCCUPIED MOST OF THE DISCUSSION. BRAZIL, AUSTRALIA AND ARGENTINA
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REJECTED MANDATORY SPECIAL STOCKING, BUT INDICATED THAT SOME FORM OF VOLUNTARY SPECIAL STOCKING MIGHT BE ACCEPTABLE TO THEM (AND MANY OTHER EXPORTERS). DOMINICAN REPUBLIC AND CUBA WERE AGAINST US PROPOSAL, NON-COMMITTAL RELATIVE TO A VOLUNTARY PROGRAM. EXPORTERS AS A GROUP FELT THAT TOTAL SIZE OF STOCKS (MINIMUM PLUS SPECIAL) WAS TOO GREAT;

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C O N F I D E N T I A L SECTION 2 OF 2 GENEVA 3596

DEPT FOR ASST SEC KATZ

IT WOULD BE TOO EXPENSIVE TO EXPORTERS AND OVERHANG THE MARKET. ALSO IT APPEARED TO THEM THAT THE PROPOSED SCHEDULE FOR RELEASE OF SPECIAL STOCKS INDICATED THAT THE US WAS AIMING FOR AN X PLUS 2 OR LESS MARKET PRICE. IT WAS FURTHER ARGUES THAT SPECIAL STOCK SCHEME AS PROPOSED COULD COST, NOT BENEFIT, EXPORTER; INITIAL EXPORTER CONTRIBUTION, PLUS COST OF HOLDING SUGAR MIGHT EXCEED ANY POSSIBLE INCREASE IN SALES PRICE RESULTING FROM PUTTING AWAY SUGAR.

4. SEVERAL LARGE EXPORTERS BELIEVED THAT THERE WAS MERIT IN A VOLUNTARY SYSTEM FOR SPECIAL STOCKS; ON THIS POINT AUSTRALIA (CAMPBELL) AGREED TO DRAFT LANGUAGE AND CONSULT WITH US. BEFORE MOVING ON TO OTHER POINTS, CUBA (TABIO) ASKED IF IMPORTERS WERE UNITED ON MANDATORY FINANCING OF SPECIAL STOCKS. CANADA (MUSGROVE) STATED THAT IT WAS STUDYING MATTER, BUT GOC COULD WELL JOIN SUCH A SCHEME. AS SPOKESMAN FOR IMPORTERS HE FURTHER POINTED OUT THAT THERE WAS SUPPORT IN THE IMPORTERS GROUP FOR THE US PROPOSAL. JAPAN (MIZOGUCHI) SAID ONLY THAT GOJ PREFERRED THE SUPPLY COMMITMENT CONCEPT FOR IMPORTER PROTECTION AT THE HIGH END OF THE RANGE.

5. IN AFTERNOON SESSION OF WORKING GROUP I (QUOTAS AND STOCKS), THE US PRESENTED ITS PROPOSAL AS THE FINAL PIECE OF THE CONCEPTUAL PACKAGE OUTLINED EARLIER BY ASST. SEC. KATZ. THE COMMENTS, QUESTIONS AND CRITICISMS WERE NOT NEW FROM THOSE ALREADY VOICED ABOVE. SOUTH AFRICA STATED THE PRICE TO EXPORTERS WAS TOO HIGH; COSTA RICA AND MAURITIUS CONGRATULATED THE US ATTEMPT, BUT FAULTED THE IDEA AS TOO LOOSE IN CONCEPT AND SCOPE.

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SWEDEN VOICED THE NORDIC'S GENERAL SUPPORT OF THE US
IDEA, BUT THEN ELABORATED ON HOW THEY VIEW ITS POSSIBLE
IMPROVEMENT. BASIC THRUST OF SWEDISH THINKING IS THAT
VOLUNTARY STOCKING, OPEN ONLY TO DEVELOPING COUNTRY EX-
PORTERS, WOULD BE MORE FEASIBLE AND STILL PROVIDE IMPORTERS
WITH SUPPLY ASSURANCE AT THE UPPER END OF THE PRICE RANGE.
RESPONSE TO THIS APPROACH WAS GENERALLY NEGATIVE. NO
MAJOR EXPORTER MADE AN INTERVENTION DURING THE SESSION.
AT END OF MEETING CHAIRMAN (CAMPBELL/AUSTRALIA) INFORMED
WG THAT HE WOULD ATTEMPT TO PREPARE A "BRIDGING
PAPER" AND WOULD PRESENT IT AT NEXT WG MEETING, NOW
SCHEDULED FOR MAY 13. (THIS MAY BE THE SAME PAPER
THAT HE PROPOSED TO WRITE IN THE INFORMAL GROUP MEETING.)
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Message Attributes

Automatic Decaptioning: X
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Sent Date: 11-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Executive Order: GS
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Office: ACTION EB
Original Classification: CONFIDENTIAL
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SAS ID: 2573463
Secure: OPEN
Status: NATIVE
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TAGS: ETRD, US, UNCTAD
To: STATE
Type: TE
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